BRITISH COLUMBIA
CANADA

Small Business Profile
2011

Western Economic Diversification Canada
Diversification de l'économie de l'Ouest Canada

Canada

BRITISH COLUMBIA
Ministry of Jobs, Tourism and Innovation

Stats

SMALL BUSINESS PROFILE 2011

A profile of small business in British Columbia

Information on programs and services for small businesses can be obtained by contacting:

Small Business BC
601 West Cordova St.
Vancouver, BC V6B 1G1
Telephone: 604 775-5525
Toll Free: 1 800 667-2272
Internet: www.smallbusinessbc.ca

Statistics related to small business are available at:

BC Stats
Data Services
553 Superior St.
Box 9410 Stn Prov Govt
Victoria, BC V8W 9V1
Telephone: 250 387-0327
Internet: www.bcstats.gov.bc.ca

Information on provincial government programs and services can be found at:

Ministry of Jobs, Tourism and Innovation
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Internet: http://www.gov.bc.ca/jti/

Information on federal government programs and services can be found at:

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Western Economic Diversification Canada works with the provinces, industry associations and communities to promote the development and diversification of the western economy, coordinates federal economic activities in the West and represents the interests of western Canadians in national decision making.

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PREFACE

Small Business Profile 2011: A Profile of Small Business in British Columbia is an update of previous versions published annually since 1997. The 2011 report reflects data from 2010, the most recent year for which data are available. This profile is designed to answer some common questions about the role of small business in British Columbia through an examination of trends in growth. Where possible, it also makes comparisons with other provinces. Key indicators examined in this report include the number of businesses, growth in employment and earnings, contribution to the economy, industry distribution and the role of small business exporters.

Statistical information in this report was prepared by BC Stats using data provided by Statistics Canada from various statistical databases, such as the Business Register, the Survey of Employment, Payrolls and Hours, the Labour Force Survey and the Exporter Registry.

Small Business Profile 2011 is jointly produced by the provincial and federal governments. The report was prepared by BC Stats in the British Columbia Ministry of Labour, Citizens' Services and Open Government in partnership with the British Columbia Ministry of Jobs, Tourism and Innovation and Western Economic Diversification Canada.

Small Business Entrepreneurial Success Stories:

Both the Government of Canada and the Government of British Columbia have designated 2011as the 'Year of the Entrepreneur'. In B.C., the spirit of entrepreneurialism is strong and can be seen in the thousands of British Columbians that have started their own small business, creating jobs for families across the province.

Small business makes up 98 per cent of all businesses in the B.C., and last year, there were approximately 391,700 small businesses operating in the province, employing over a million British Columbians.

To examine B.C.'s small businesses is to discover a range of entrepreneurs providing a multitude of valuable services that strengthen their communities and drive the economy.

There are many benefits to owning and operating a small business and lessons to be learned along the way, as shown through the eight small business success stories featured in this report.

Innergy Corporate Yoga

Kamloops and Vancouver, British Columbia

For Lynn Roberts, the passion she has for yoga was instrumental in her decision to start her business. "I was already in love with yoga and convinced about its health benefits," says Lynn. "Even when I was training, I knew that if I tried this out, it would be a hit."

Lynn is the Director of Operations and founder of what has become Innergy Corporate Yoga. What started out in 2004 as a mobile yoga studio has now become a corporate, on-site yoga and pilates class provider, bringing these classes to the workplace.

Although Lynn has no formal business background, Innergy Corporate Yoga is flourishing, and has expanded from an initial staff of three or four people to over 20 on-contract instructors.

A large part of this success could be attributed to Lynn's business model and how it has opened up yoga to a clientele that perhaps had not been exposed to it before. "When we get feedback from clients on how yoga has changed them for the better, it's great," notes Lynn. "We're helping to make a difference in people's lives – a lot of our clients have never tried yoga."

"We're helping to make a difference in people's lives – a lot of our clients have never tried yoga."

As much as Innergy Corporate Yoga's approach has been successful in introducing new clients to the benefits of yoga, obviously not having a permanent yoga studio can create a challenge in terms of finding or keeping space at various workplaces. Like many business owners, using a creative and flexible approach to finding space has been crucial, including using corporate boardrooms.

One of the best parts of being an entrepreneur for Lynn is the creative control to grow her business – Innergy Corporate Yoga expects to begin franchising within the year – and, it gives Lynn the freedom to balance her life. "Operating this business gives me the freedom to do my work wherever and whenever I want," says Lynn. "I don't think I could ever go back to a nine-to-five job."

For more information, visit www.innergycorporateyoga.com

HIGHLIGHTS

Small Business – In 2010, there were approximately 391,700 small businesses operating in British Columbia, accounting for 98 per cent of all businesses in the province. Micro-businesses, those with fewer than five employees, comprised about 82 per cent of small businesses.

Small Business Counts – The total number of small businesses in British Columbia inched down 0.1 per cent in 2010. However, small businesses fared much better than large businesses, which saw a decrease of 2.2 per cent over the same period.

Employment – In 2010, approximately 1,038,300 people were employed by small businesses in British Columbia, representing 57 per cent of all private sector jobs in the province.

Employment Growth – The small business sector in British Columbia has shown signs of recovering from the global economic downturn. Between 2009 and 2010, small business employment in the province climbed 1.3 per cent or around 13,700 net new jobs. Small businesses continued to fare better than larger businesses, which saw a 1.1 per cent increase in number of employees.

Self-Employed – On average, the self-employed tend to be older, are more often men, and are more likely to work longer hours than paid employees. Women represent over 36 per cent of entrepreneurs in British Columbia, the second highest proportion in the country.

Gross Domestic Product – Approximately 30 per cent of British Columbia's Gross Domestic Product was generated by small business in 2010, well above the national average of 27 per cent.

Earnings – In 2010, small business was the source of 33 per cent of all wages paid to workers, which was the highest share of any province.

High Technology Sector – In 2010, more than 96 per cent of businesses in high technology were small businesses. Between 2007 and 2010, high tech service industries, particularly computer and related services, experienced strong growth in business counts. Conversely, high tech manufacturing industries recorded a net decline in businesses.

Regional Focus – Between 2007 and 2010, the Mainland/Southwest region recorded the highest net growth in the number of small businesses in British Columbia, at 5.3 per cent.

Exports – While relatively few British Columbia small businesses exported goods in 2009, they shipped approximately $10.9 billion worth of merchandise to international destinations, representing over 47 per cent of the total value of goods exported from the province.

BREAKDOWN OF BUSINESSES IN BRITISH COLUMBIA, 2010

	Number of Businesses	Per cent of total
TOTAL SMALL BUSINESSES	**391,700**	**98%**
Self-employed without paid help[1]	222,500	56%
Businesses with less than 50 employees	169,200	42%
TOTAL LARGE BUSINESSES	**6,700**	**2%**
TOTAL ALL BUSINESSES	**398,400**	**100%**

NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2010

	With paid help	Without paid help	Total	Per cent
Incorporated	97,200	76,300	173,500	40%
Unincorporated	34,600	222,500	257,100	60%
TOTAL SELF-EMPLOYMENT	**131,800**	**298,800**	**430,600**	**100%**

1 SMALL BUSINESS GROWTH

British Columbia's small business sector continues to play a key role in job creation and economic growth in the province. It is the province's primary provider of private sector jobs, reflecting an important and ongoing trend toward economic diversification within the provincial economy. Small business is also a vital source of innovation. For example, the large majority of high technology businesses in British Columbia have fewer than 50 employees (96 per cent in 2010).

The province's long-term growth in entrepreneurship, a key component of small business, has profoundly impacted its economic landscape. Despite recent economic uncertainty across the country and around the globe, British Columbia's small business owners are consistently among the most optimistic in the nation in their expectations for the future. According to a survey of its members, the Canadian Federation of Independent Business (CFIB) reports that business confidence in British Columbia is considerably higher than the national average and well above that of several other provinces, including Ontario and Quebec, which have the country's two largest economies.[1] The data from these types of surveys provide a useful subjective measurement of the health of small business in the province. However, it is equally important to examine more objective measures, such as business counts, employment, GDP and revenues to see if they paint a comparable picture.

What is a small business?

In order to study its scope and development, it is essential to first define the concept of "small business." In British Columbia, a small business is defined as a business that employs fewer than 50 individuals, or one operated by a person who is self-employed without paid help.

A business is defined as a small business if it is either:

- A business with fewer than 50 employees
- A business operated by a self-employed person with no paid help

A micro-business is defined as a small business with fewer than five employees.

Incorporated Businesses

Incorporated businesses consist of those organized and maintained as legal corporations. A corporation is created (incorporated) by one or more shareholders who have ownership of the corporation, as represented by their holding of common stock.

Self-employed

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. The self-employed can be categorised as either *incorporated* or *unincorporated*. Each of these classifications can be further divided between those operating *with paid help* (i.e., with employees) or *without paid help* (i.e., working by themselves). This produces four major categories of self-employed workers.

Unincorporated Businesses

Unincorporated businesses consist of those not organized and maintained as legal corporations, and wherein the tie between members need not be a legally enforceable contract.

[1] Valerie Tarasuk, Business Outlook Index, April 2011 Update, 4 pp. Business Outlook Survey, Canadian Federation of Independent Business.

How many businesses operate in British Columbia and is that number growing?

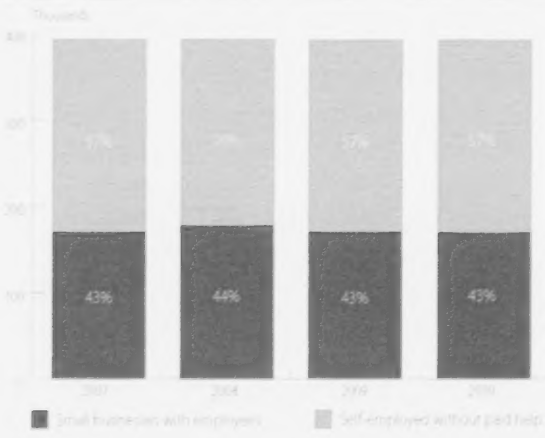
In 2010, a total of 398,400 businesses were operating in British Columbia. Of these, 98 per cent (391,700) were small businesses. More than half (56 per cent) of all businesses in the province were run by self-employed people with no paid workers, or two percentage points higher than the national average of 54 per cent. Only three provinces had a higher percentage: Saskatchewan, Manitoba and Ontario (57 per cent each).

Between 2009 and 2010, the total number of small businesses operating in British Columbia inched down 0.1 per cent, following a 2.9 per cent boost recorded in 2009. The slight decline was due to a 0.2 per cent slip in the number of self-employed unincorporated small businesses with no paid help, since the number of businesses with employees was relatively unchanged.

Various factors could account for this lull. For example, some self-employed workers may have shifted to paid employment as more jobs became available in the improving economy. Past trends show that the year-over-year fluctuation in the number of small businesses has historically been driven by variations in the number of self-employed individuals in the province. The lack of growth in businesses with employees could simply be the result of the lingering effects of the economic downturn.

FIGURE 1.1

NUMBER OF SMALL BUSINESS IN BRITISH COLUMBIA, 2007-2010



What is the size distribution of small businesses?

By far, most small businesses in British Columbia are classified as micro-businesses: those with fewer than five employees. In 2010, there were 321,800 businesses fitting this description, accounting for 82 per cent of the province's small businesses. Well over half (57 per cent) of small businesses consisted of self-employed persons without paid help, while a quarter (25 per cent) were made up of those with one to four employees. Businesses with five or more staff represented around 18 per cent of the province's small businesses.

FIGURE 1.2

SIZE DISTRIBUTION OF SMALL BUSINESS IN BRITISH COLUMBIA, 2010

	Number of Businesses	Per cent of total
TOTAL BUSINESSES WITH 0 TO 4 EMPLOYEES	**321,800**	**82%**
Self-employed without paid help	222,500	57%
Businesses with 1 to 4 employees	99,300	25%
BUSINESSES WITH 5 TO 19 EMPLOYEES	**56,800**	**15%**
BUSINESSES WITH 20 TO 49 EMPLOYEES	**13,100**	**3%**
TOTAL SMALL BUSINESSES	**391,700**	**100%**

Between 2007 and 2010, British Columbia saw an addition of approximately 9,000 small businesses, translating to a growth rate of 2.4 per cent over the four-year period. However, all the growth was in 2009, as there was a slight decline from 2007 to 2008 and again in 2010.[3] Between 2007 and 2010, businesses with one to four employees constituted the fastest growing group in the small business sector. This group grew at a rate of 3.2 per cent, or an increase of 3,100 new businesses. Businesses comprised of self-employed individuals with no paid staff also experienced a notable increase over the four-year period, adding about 5,400 businesses (+2.5 per cent). Overall, between 2007 and 2010, small business growth in the province outperformed that of large business. In fact, the number of large businesses declined at a rate of 1.5 per cent over this period, with reductions in 2009 and 2010 offsetting an increase recorded in 2008.

FIGURE 1.3

GROWTH IN NUMBER OF BRITISH COLUMBIA BUSINESSES, 2007-2010

	Growth (#)	Growth rate
TOTAL SMALL BUSINESSES†	**9,000**	**2.4%**
Self-employed without paid help	5,400	2.5%
Businesses with 1-4 employees	3,100	3.2%
Businesses with 5-19 employees	300	0.6%
Businesses with 20-49 employees	300	2.1%
TOTAL LARGE BUSINESSES	**-100**	**-1.5%**
TOTAL ALL BUSINESSES	**8,900**	**2.3%**

In which sectors are small businesses concentrated?

Small businesses in British Columbia engage in a wide range of activities, including family-operated corner stores, self-employed online marketers, and small industrial operations. Almost three quarters (74 per cent) of all businesses in the province are in the service sector, with small businesses equally as likely to be providing a service as large businesses.

Figure 1.4a shows the industry breakdown for small businesses with employees compared to that for businesses operated by a self-employed person with no staff. Figure 1.4b provides the same dissection for small business overall.

For the small business service sector, the largest concentration is in business services, which accounted for 22 per cent of all British Columbia small businesses in 2010, followed by "other" services (15 per cent). Wholesale and retail trade also has a significant presence in the small business service sector, and in 2010 made up more than 11 per cent of the province's small businesses. Among small businesses, those most likely to have no employees are business services (which includes occupations such as lawyers and accountants) and "other" services (mainly consisting of occupations involving information, culture and recreation). On the other hand, firms involved in trade are more likely to have employees.

FIGURE 1.4A

SMALL BUSINESSES WITH AND WITHOUT EMPLOYEES, BY INDUSTRY, 2010

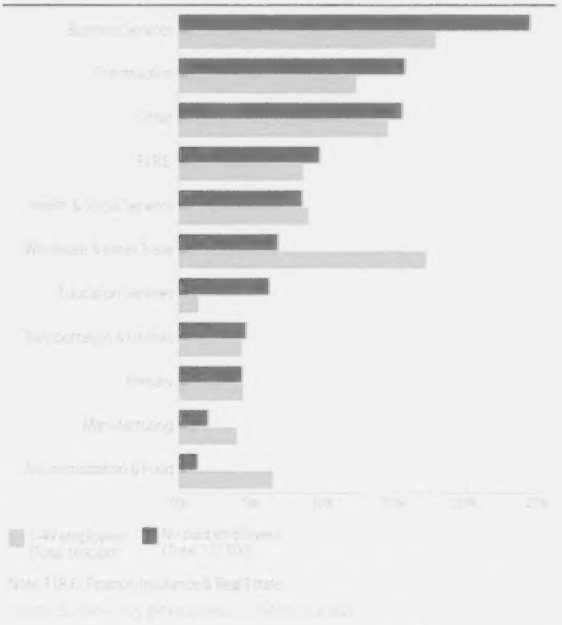
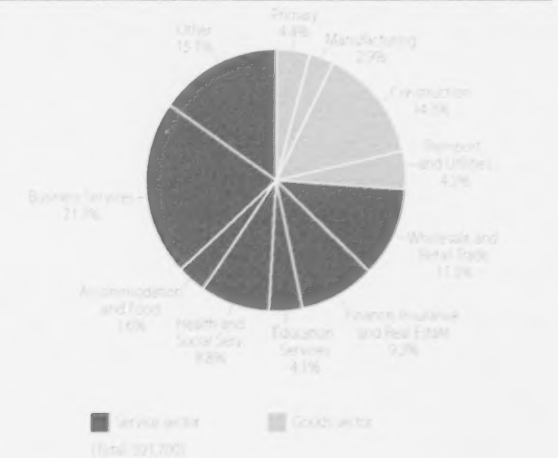


FIGURE 1.4B

TOTAL SMALL BUSINESSES WITH 0-49 EMPLOYEES, 2010

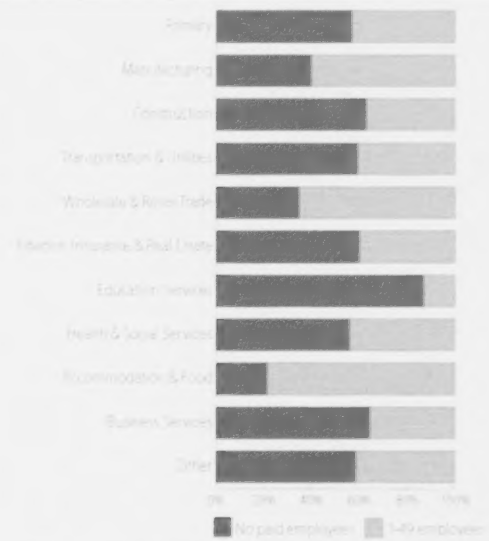


In the goods sector, construction is the most significant industry, accounting for about 14 per cent of all small businesses in the province. Construction is more amenable to smaller operations than most manufacturing industries and, as a result, contains the largest concentration of small businesses among industries outside the service sector.

Within the small business sector, some industries are dominated by businesses without employees, while other industries consist largely of businesses with employees. For example, among small businesses providing accommodation and food services, almost 79 per cent employ staff. On the other hand, in the education services industry, about 87 per cent are comprised of self-employed individuals without paid help.

FIGURE 1.5

SMALL BUSINESSES BY INDUSTRY, SHARES WITH AND WITHOUT EMPLOYEES, 2010

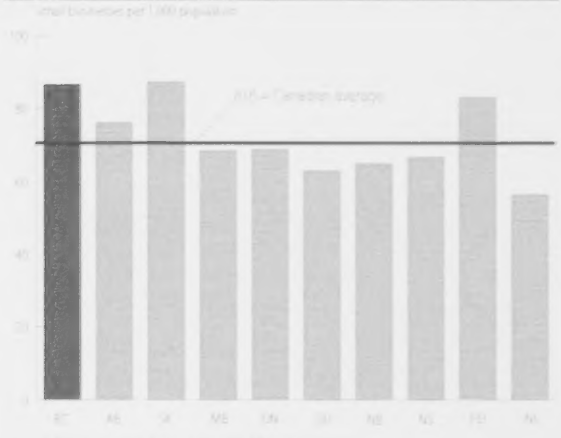


How does small business in British Columbia compare with other provinces?

Small business is consistently more prevalent in the western part of the country, at least in terms of businesses per capita. In 2010, British Columbia held on to its second place ranking among the provinces, boasting 86.4 small businesses per 1,000 people. Only Saskatchewan, with a rate of 87.3, had more small businesses per capita. Alberta (76.1) and Prince Edward Island (83.0) were the only other provinces to exceed the Canadian average of 70.6 small businesses per 1,000 people.

FIGURE 1.6

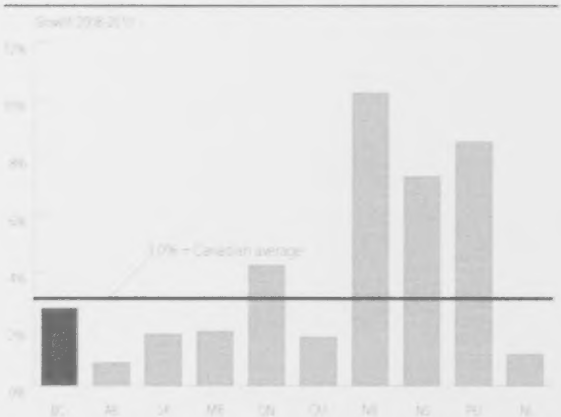
SMALL BUSINESSES PER CAPITA BY PROVINCE, 2010



Between 2008 and 2010, the number of small businesses in British Columbia climbed a solid 2.7 per cent, slightly below the national growth average of 3.0 per cent. New Brunswick saw its number surge 10.2 per cent, with Prince Edward Island (+8.5 per cent) and Nova Scotia (+7.3 per cent) right on its heels. Ontario (+4.2 per cent) was the only other province to see higher small business growth than British Columbia, but every province recorded an increase over the period.

FIGURE 1.7

SMALL BUSINESS GROWTH, 2008-2010



Mobify

Vancouver, British Columbia

For some entrepreneurs, the inspiration for their business concept is already out there – it is just waiting to be recognized. For Mobify CEO Igor Faletski, and his partner John Boxall, inspiration struck when they were on an academic exchange to Prague, in the Czech Republic.

"We saw the potential of mobile while studying abroad," recalls Igor. "The market was more advanced in Europe than it was in Canada." When they returned from Prague, their initial project was the design of a program that allowed Translink transit schedules to be viewed using mobile devices.

"In the beginning, John and I didn't think of starting a business," says Igor. "We just wanted to do something useful and catch the bus more often."

"In the beginning, John and I didn't think of starting a business" says Igor. "We just wanted to do something useful and catch the bus more often."

However, the Translink project was pivotal in launching their company. Since it was formed in 2007 by Igor and John, Mobify has grown into a 13 person team that provides a mobile platform for publications and e-commerce retailers.

"We're very focused on the current challenge of making the web mobile," says Igor, of the business. "As software engineers by education, we like solving complex problems." Even if their background has not been in business, it has not shown, as Mobify has continued to grow and counts some recognizable, big-name clients, including the publications *Wired*, *GQ* and the *New Yorker*, as well as leading online retailers like Threadless, Bonobos and the Gap. Mobify also enjoys a growing international presence, with clients in the U.S., the U.K., Japan and China.

For Igor, along with the knowledge that everyday Mobify is powering mobile websites all around the world, is the satisfaction of coming to his workplace, which is huge. "It's a privilege to work everyday with an amazing team while making a global impact," says Igor.

Mobify continues working towards being the leading provider of mobile web platform technology and, in Igor's words, "letting people around the world enjoy a fantastic mobile experience."

For more information, visit www.mobify.me

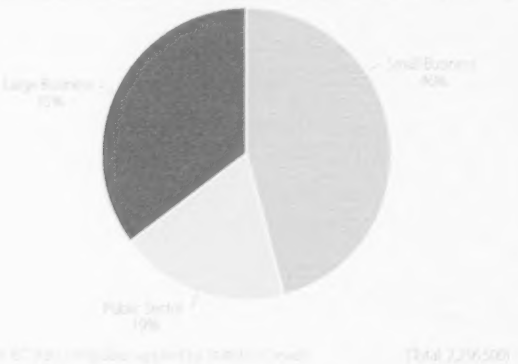
2 | SMALL BUSINESS EMPLOYMENT

How many jobs does small business provide in British Columbia?

In 2010, small business accounted for approximately 1,038,300 jobs in British Columbia. This represents 46 per cent of total employment in the province, the same share of jobs attributed to small business since 2007.

FIGURE 2.1

SHARE OF TOTAL EMPLOYMENT, B.C., 2010



In 2010, the private sector employed about 1,830,100 people (including both small and large businesses). Of this total, 57 per cent (1,038,300) were in small business, a ratio that has fluctuated only slightly over the past decade. Self-employed workers accounted for 24 per cent of total private sector employment, while 33 per cent worked for a small business. The remaining 43 per cent of private sector workers were employees of large businesses.

FIGURE 2.2

PRIVATE SECTOR EMPLOYMENT IN BRITISH COLUMBIA BY SIZE OF BUSINESS, 2010

	Employment	Per cent of Total
TOTAL SMALL BUSINESS EMPLOYMENT	**1,038,300**	**57%**
Self-employed	432,300	24%
Employed by small business	606,000	33%
LARGE BUSINESS EMPLOYMENT	**791,800**	**43%**
TOTAL PRIVATE SECTOR EMPLOYMENT	**1,830,100**	**100%**

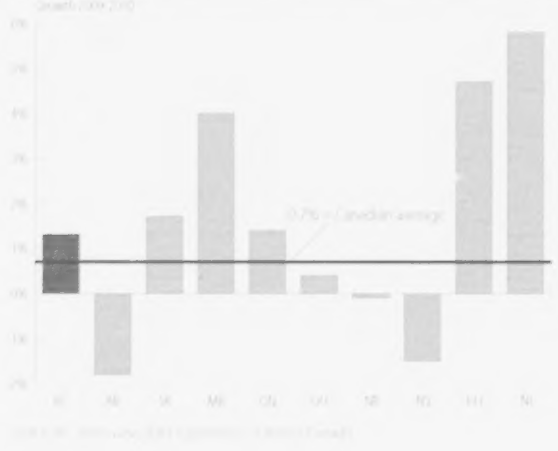
In 2010, small business employment climbed 1.3 per cent, recovering well from a slip recorded in 2009 (-1.2 per cent). This job boost was due entirely to an increase in the number of small business employees, which jumped 3.5 per cent over 2009 levels. By contrast, self-employment slipped 1.6 per cent, the first decline since 2001. A decrease in self-employment is not necessarily a negative indicator. It could be a signal that some individuals who turned to self-employment when faced with layoffs during the economic downturn have re-entered the employee workforce. Moreover, while the growth in self-employment eased in 2010, the province had 20,100 more self-employed workers in 2010 than in 2005, a 4.9 per cent increase over this period.

Small business employees also showed solid growth over the same span, jumping 5.1 per cent. By comparison, in 2010, employment in large businesses climbed at a slightly slower pace (+1.1 per cent from 2009), while growth between 2005 and 2010 among large businesses (+7.0 per cent) was higher than for small business employment (+5.0 per cent).

Between 2009 and 2010, British Columbia's small business employment growth compared favourably with that of other provinces. The province's 1.3 per cent rate of growth in 2010 was nearly double that of the Canadian average (+0.7 per cent). Newfoundland and Labrador (+5.8 per cent) led the nation in terms of small business growth in 2010, while Alberta (-1.8 per cent) experienced the largest decrease.

FIGURE 2.3

SMALL BUSINESS EMPLOYMENT GROWTH BY PROVINCE, 2009-2010

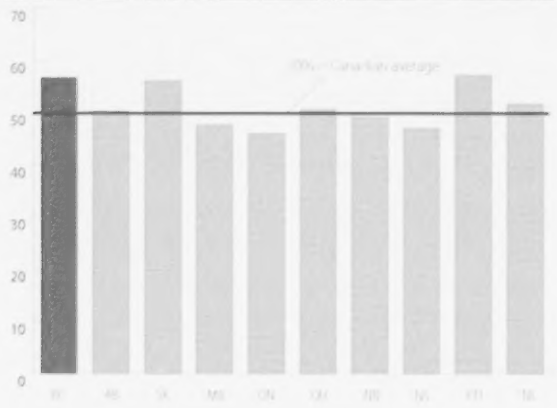


How does small business employment in B.C. compare with other provinces?

In 2010, British Columbia ranked second among the provinces in its share of private sector jobs stemming from small business. Nearly 57 per cent of the province's private sector employment is provided by small business. Prince Edward Island ranked first, at just over 57 per cent, while Saskatchewan was third (56 per cent) and Newfoundland and Labrador fourth (52 per cent). Ontario (46 per cent) had the least reliance on small business for private sector employment, while the national average stood close to 50 per cent.

FIGURE 2.4

SMALL BUSINESS AS A PER CENT OF PRIVATE SECTOR EMPLOYMENT BY PROVINCE, 2010



Canada's regions vary widely in terms of economic structure, which likely accounts for much of the variation in small business employment among the provinces. For example, Ontario and Quebec are more dependent on employment from large manufacturing businesses, particularly in the automotive and aerospace sectors. In contrast, provinces such as Saskatchewan and Prince Edward Island rely more heavily on agriculture, an industry more commonly characterized by smaller operations with fewer employees. British Columbia has a larger service sector than other provinces, which may account for a stronger presence of small businesses.

SELF-EMPLOYMENT

British Columbia's entrepreneurial landscape is diverse and dynamic and the province's business owners appear to have a very positive outlook on owning and operating a business. In a series of reports released in recognition of 2011 as the federally designated 'Year of the Entrepreneur,' the Canadian Federation of Independent Business reported that most business owners find running a business in Canada is fulfilling. Of those surveyed in British Columbia, 84 per cent of entrepreneurs would choose business ownership again if given the chance and 92 per cent said that running a business has been a rewarding career choice.[1] In a similar

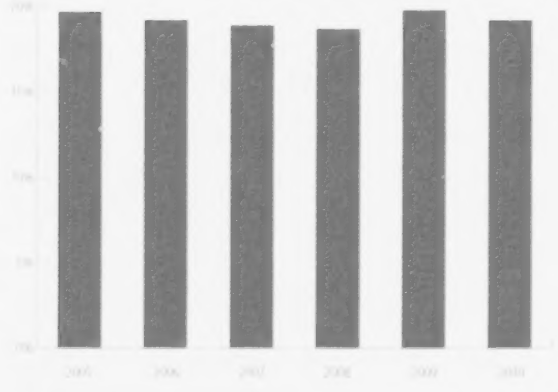
vein, B.C. business owners have a strong work ethic, and consider good employees, customer loyalty, innovation and passion among the key factors that contribute to business success.[4]

What proportion of total employment is comprised of the self-employed?

Self-employed individuals – those who spend most of their working hours running their own businesses – are a sizeable part of British Columbia's workforce. In 2010, self-employment accounted for around 19 per cent of total employment in the province. The long-term picture is similar, with the proportion of British Columbia's workforce comprised of self-employed workers hovering between just under 19 per cent and 20 per cent between 2005 and 2010.

FIGURE 2.5

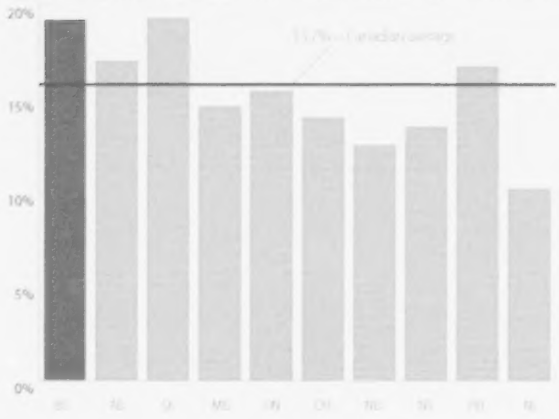
BRITISH COLUMBIA'S SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT, 2005-2010



At 19.2 per cent, B.C.'s share of self-employed workers was among the highest in the country in 2010, well above the national average of 15.7 per cent. Saskatchewan (19.3 per cent) reclaimed its first-place ranking among the provinces, squeaking past B.C. by 0.1 percentage points. In the rest of the country, Alberta (17.0 per cent) and Prince Edward Island (16.7 per cent) were the only other provinces to exceed the Canadian average of 15.7 per cent, while Newfoundland and Labrador had the lowest proportion of self-employed workers (10.2 per cent). With its ongoing reliance on family farming operations, Saskatchewan has remained among the top ranking provinces despite continued declines in the number of farms over the past few decades.

FIGURE 2.6

SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT BY PROVINCE, 2010



Another sector that tends to have higher proportions of self-employed workers is the construction industry. In the last few years, parts of British Columbia have experienced a boom in the construction of housing and other facilities, partly in preparation for the 2010 Winter Olympics. Although construction slowed notably in 2009, it was on the rise again in 2010, such that building projects remain significantly higher than at the beginning of the decade. British Columbia's relatively larger share of self-employed people may be, at least in part, a reflection of the higher demand for skilled workers and the accrued increase in the number of self-employed British Columbians working in the construction industry. In fact, between 2000 and 2010, the province's construction industry saw self-employment surge by 57 per cent.

How many self-employed people are in British Columbia and is this number growing?

British Columbia was home to 432,300 self-employed workers in 2010, of which about 1,700 worked in family businesses for no pay. This leaves 430,600 self-employed business owners. Most (60 per cent) of self-employed businesses were unincorporated. Unincorporated individuals, working on their own with no employees, made up the largest class of self-employed small

businesses. Over half (52 per cent) of all self-employed workers fit this description.

FIGURE 2.7

NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2010

	With paid help	Without paid help	Total	Per cent
Incorporated	97,200	76,300	173,500	40%
Unincorporated	34,600	222,500	257,100	60%
TOTAL SELF-EMPLOYMENT	**131,800**	**298,800**	**430,600**	**100%**

Source: Statistics Canada. Prepared by BC Stats.

In 2010, the overall number of self-employed workers in British Columbia declined 1.6 per cent, or by approximately 6,900 workers. This slip marked the first decrease recorded since 2001. A myriad of factors can contribute to the ebb and flow in self-employment numbers, including the overall economic condition of the region over time. In the challenging global economic landscape of the past few years, it is possible that some people turned to self-employment in the face of layoffs or employment uncertainty.[5] As the economic environment has begun to show signs of improving, some of these workers may have moved back into the employee workforce.

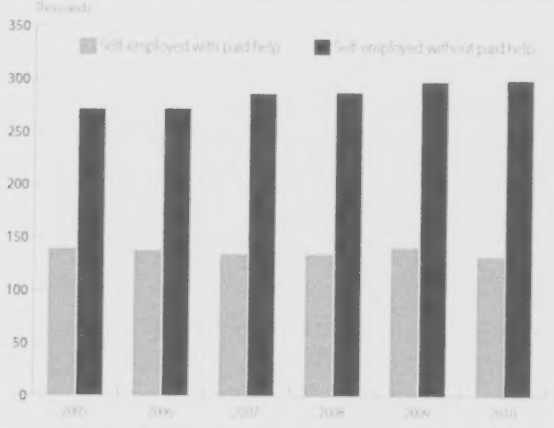
Another interesting aspect of the self-employment environment is found when one considers the different types of self-employed individuals. Among the self-employed in B.C., sole operators (those without paid help) are far more common than employers with staff. This is not surprising considering that many businesses begin with one individual running the business, often from home. As the business grows, these individuals may take on employees.

In 2010, the number of self-employed persons, incorporated or unincorporated, *without* paid help was well over twice the number of self-employed *with* paid employees and this gap appears to be widening. Since 2005, the number of self-employed business owners operating with staff has declined (down 4.7 per cent between 2005 and 2010), while those without employees have expanded substantially (+10.3 per cent). This pattern was reconfirmed in 2010, when the number of self-employed individuals without employees climbed 1.7 per cent, while the self-employed with staff slumped 8.0 per cent.

While the uncertainty of the wage-labour market can influence self-employment on a yearly or even monthly basis, there are some characteristics of this type of work that make it appealing to some people. For example, some people choose self-employment for its flexibility. Students, semi-retired persons, or even people looking to earn extra income may prefer self-employment to other options. Other potential dynamics include technological changes that allow people the flexibility to work from home, and the increase in dual-earner families and desire to balance family and work. Others are compelled by an entrepreneurial drive that induces them to build their own businesses. According to a recent poll, Canadian business owners list being their own boss and making their own decisions (66 per cent), financial opportunity (43 per cent) and making better use of their skills and knowledge (42 per cent) among the top reasons for becoming a business owner. Other incentives include flexible schedules (24 per cent), continuing the family business (20 per cent) and lack of other suitable job opportunities (13 per cent).[6]

FIGURE 2.8

NUMBER OF SELF-EMPLOYED WITH PAID HELP COMPARED TO SELF-EMPLOYED WITHOUT PAID HELP, B.C., 2005-2010



Source: Statistics Canada. Prepared by BC Stats.

[5] It should be noted that it is also possible that some people took up self-employed work to supplement their salaried income. However, such workers are not considered to have exercised this option. The self-employed encompasses people for whom their self-employed work constitutes the job in which they work the most hours or, in the case of ties, the job in which they usually work the most hours.

[6] Bruce, N. (May 2011). Insight on Entrepreneurship: Entrepreneurial Dreams Project. Canadian Federation of Independent Business.

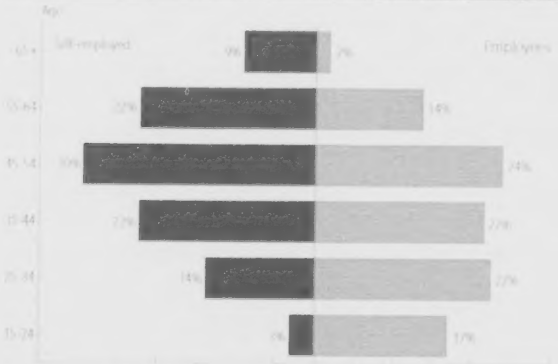
What is the profile of a self-employed person in British Columbia?

There are a number of differences between self-employed people and those who are employees of businesses. On average, self-employed people tend to be older, are more often men and work longer hours. Also, Aboriginals are less likely to be self-employed compared to non-Aboriginals.

More than half (52 per cent) of British Columbia's self-employed people are between the ages of 35 and 54, while 45 per cent of employees fall into this age category. Similarly, only 17 per cent of self-employed business owners are under the age of 35, whereas 39 per cent of employees fit this description. At the other end of the scale, nearly a third (31 per cent) of entrepreneurs are aged 55 and over, compared to a mere 15 per cent of employees.

FIGURE 2.9

AGE DISTRIBUTION OF SELF-EMPLOYED WORKERS COMPARED TO EMPLOYEES, BRITISH COLUMBIA, 2010



At least a few reasons exist for the variance in age patterns of self-employed people versus employees. Younger people under 25 are less likely to have the skill-set and/or capital resources needed to start and operate a business of their own. For older workers, self-employment could be used as a transition from working at a full-time job to moving into retirement. Indeed, around nine per cent of self-employed business owners are 65 or over, while fewer than two percent of employees fall into this age range. As they reach potential retirement age, self-employed business owners may be more inclined to continue working given that they are the main decision-makers in their business and have more of a personal reason for working. In contrast, for employees, a pension and/or retirement package could act as incentives to retire at a pre-determined age.

In British Columbia, self-employment as a percentage of all workers has been growing steadily in all age groups. However, among people over the age of 55, there has been a particularly sharp increase in the propensity to be self-employed, which may be partly retirement-related. Between 2000 and 2010, the number of self-employed people between the ages of 55 and 64 nearly doubled (+90.1 per cent). Growth was even larger for those aged 65 years and up (+168.7 per cent). Many people who have retired or semi-retired from their professions may be seeking alternative sources of income and flexibility that self-employment provides. For example, a retiree might continue to act as a consultant for his or her previous employer and, as such, is classified as self-employed.

Individual reasons for retiring, opting not to retire or re-entering the workforce post-retirement are complex, but there are likely some common motives driving the decision. Foremost, people likely base their decision on the adequacy or insufficiency of retirement income, a concern possibly intensified by the uncertainty of the future costs of health and long-term care. Psychological factors and social pressures or obligations can also play a role, as well as concern over succession planning. Other potential factors include major life events, such as a change of one's health status or that of a loved one, a change of marital status, a spouse's retirement or the obligation to provide care to aging relatives.[7]

Generally, the self-employed tend to retire at an older age than the general workforce. In 2010, the median age (the age at which half of retirees are older and half younger) for all Canadian retirees was 61.6 years, relatively unchanged from 2009 (61.7 years). Meanwhile, the median retirement age for the self-employed decreased slightly in 2010, slipping from 65.6 to 65.3, but remained significantly higher than that of the average Canadian. Notably, since

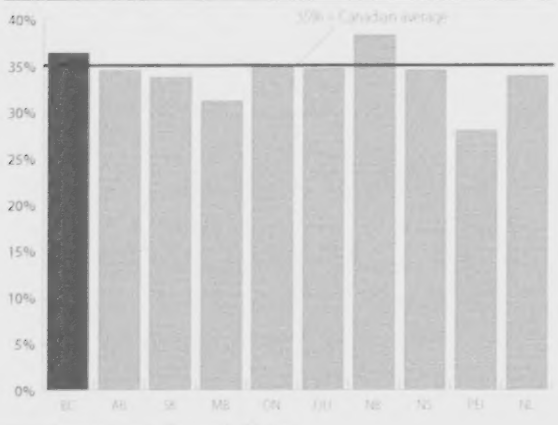
[7] For more on retirement trends in Canada, see Stewart, M. Ph.D. (February, 2009). Changing Retirement Patterns in Canada. University of Toronto. Accessed from the Canadian Policy Research Networks, Canadian Education and Research Institute for Counselling.

the beginning of the decade, the median retirement age for the self-employed has remained relatively unchanged (65.1 in 2000), as has that for all workers (61.1 in 2000). It remains to be seen what sort of long-term effect the recent loosening of mandatory retirement in British Columbia could have on employment and self-employment of older Canadians, and whether the variance in retirement ages across different types of employment seen in recent years will continue in the future.[1]

Another difference between self-employed persons and employees is with regard to gender. In 2010, almost two-thirds (64 per cent) of B.C.'s self-employed were men, while employees are slightly more likely to be women. Although female entrepreneurs remain less numerous, women have a strong presence in B.C.'s business landscape. In 2010, over 36 per cent of self-employed in British Columbia were women. This was slightly higher than the national average of 35 per cent and the second highest rate among the provinces. B.C. trailed only New Brunswick (38 per cent) in terms of the share of businesses owned by women last year.

FIGURE 2.10

PROPORTION OF SELF-EMPLOYED WHO ARE WOMEN, BY PROVINCE, 2010

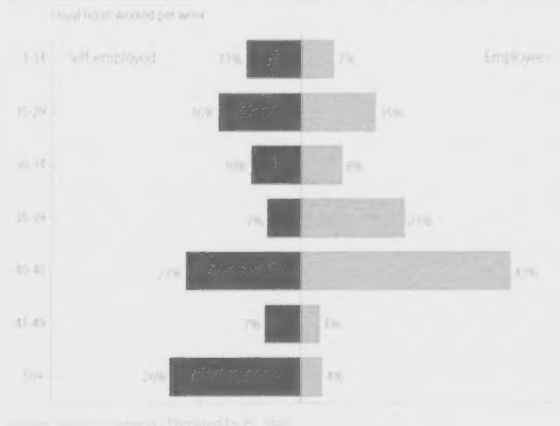


Source: Statistics Canada. Prepared by BC Stats.

Differences in the number of hours worked per week also distinguish the self-employed from employees in British Columbia. On average, the self-employed work much longer days. About 26 per cent of self-employed individuals work 50 or more hours per week, compared to just four per cent of employees. Most employees in the province (63 per cent) work between 35 and 40 hours per week, compared to only 30 per cent of the self-employed. In 2010, the average work week for self-employed workers was 37.3 hours, compared to 34.7 hours for those who work for someone else. In the past decade, this disparity has remained rather consistent. The average work week for the self-employed has fluctuated only slightly (between about 37 and 40 hours), while the average for employees has remained even more stable, hovering around 35 since at least 2000.

FIGURE 2.11

HOURS WORKED, SELF-EMPLOYED COMPARED TO EMPLOYEES, BRITISH COLUMBIA, 2010



Source: Statistics Canada. Prepared by BC Stats.

Nationally, self-employed Canadians put in even more hours on average than self-employed people in British Columbia. In 2010, 31 per cent of self-employed workers in Canada averaged 50 hours or more per week (compared to 26 per cent in B.C.). Similarly, the average work week for self-employed workers in Canada is just under 40 hours, almost two-and-a-half hours more than their British Columbian counterparts.

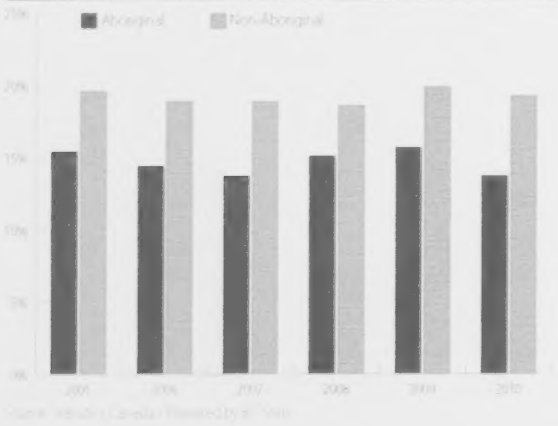
There are several possible reasons why some self-employed business owners work longer hours. They may lack the staff to do extra or unanticipated work, or lack the capital to pay staff overtime. In some cases, self-employed individuals may have more passion for a business they own and therefore devote more hours.

[1] On January 1, 2008, British Columbia abolished legislation prohibiting mandatory retirement of persons who are 65 years of age and older.

Examining self-employment trends for Aboriginal peoples in British Columbia highlights the diversity of small business owners in the province. Aboriginal people living off-reserve continue to be significantly less likely to be self-employed than non-Aboriginals. In 2010, 13.7 per cent of Aboriginal people in B.C. were self-employed, compared to 19.3 per cent of non-Aboriginals. Given the older age composition of self-employed individuals compared to those who are employees, the fact that the province's Aboriginal population is significantly younger relative to the population overall could partly explain this difference.[9] Those Aboriginals who defined themselves as Métis were more likely to be self-employed (15.9 per cent) than those who identified as North American Indian (12.2 per cent).

FIGURE 2.12

PER CENT OF WORKING, OFF-RESERVE ABORIGINALS COMPARED TO NON-ABORIGINALS WHO ARE SELF-EMPLOYED, BRITISH COLUMBIA, 2005-2010

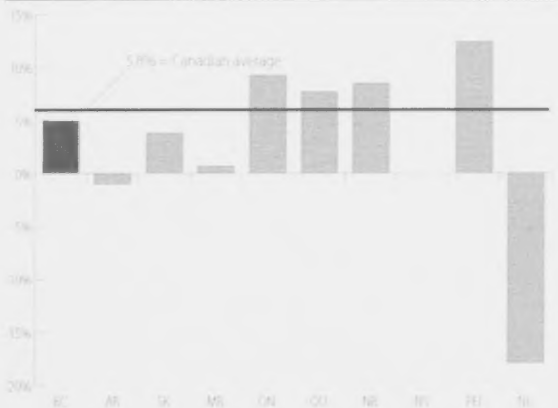


How does self-employment growth in British Columbia compare with other provinces?

Despite a slight downturn in 2010, British Columbia has experienced substantial self-employment growth over the past five years. Between 2005 and 2010, the number of self-employed in the province jumped 4.9 per cent. This was slightly below the national growth average of 5.8 per cent over the same period, but higher than that of five other provinces. Over this period, Newfoundland and Labrador experienced by far the most notable decline in self-employment (-17.9 per cent), likely reflecting the ongoing drop in the number of independent fishing operations. Alberta (-1.0 per cent) was the only other province to lose ground over the same time span. With the exception of 2010, self-employment has been on the rise in British Columbia for most of the last decade.

FIGURE 2.13

SELF-EMPLOYMENT GROWTH BY PROVINCE, 2005-2010



Porlier Pass Contractors (2008)

Duncan, British Columbia

"I've always been a businessman," notes James "Bud" Parsons, when asked about what it's like to own and operate a business. With over 50 years in the trucking and excavating industry, it must have seemed like a natural choice for Bud to partner up with Frances "Fran" Williams to found Porlier Pass Contractors in 2008.

Porlier Pass Contractors provides a complete range of contracting services, including trucking, excavating, water and sewer line installation, and road-building. Although based in Duncan, Porlier Pass serves clients throughout Vancouver Island and the Lower Mainland, and has received calls for work from as far away as Alberta.

While a business thrives on many different factors, one of the key drivers is clearly passion, which is obvious when Fran is asked about what she most likes about her work. "I love to move the earth," she states.

Over the last three years, Porlier Pass has enjoyed steady growth and worked on a variety of projects, including a lot of work with Aboriginal-related projects (Fran herself is of Aboriginal heritage).

As with other small businesses, flexibility and the ability to adapt are pivotal.

"There are always challenges, but adapting to the ups and downs of the economy, being flexible, is important..."

"There are always challenges, but adapting to the ups and downs of the economy, being flexible, is important," says Bud. "We can adapt to do different types of work, too, when necessary."

This flexibility, adaptability and a reputation for results mean a steady flow of work for Porlier Pass. "We just finished a 48-lot subdivision," Bud says. "We did the hydro, sewer, water – all the servicing for the lots." Obviously, the workload can fluctuate, and while Porlier Pass currently has about 10 employees, they often take on more, when needed.

As for the future, Bud will probably retire and hand over the reins to Fran. However, when he leaves, he will know the business will be in good hands with a solid reputation. "We've paid all our own bills, we don't owe anybody any money," Bud says. "We're pretty proud of what we've done."

For more information, phone 250-748-7700

3 | CONTRIBUTION TO THE ECONOMY

How large is the economic contribution of British Columbia small business, relative to other provinces?

Small business contributes to the provincial economy in many ways. It creates and maintains employment, drives innovation, meets payrolls that support individuals and families and stimulates new economic activity.

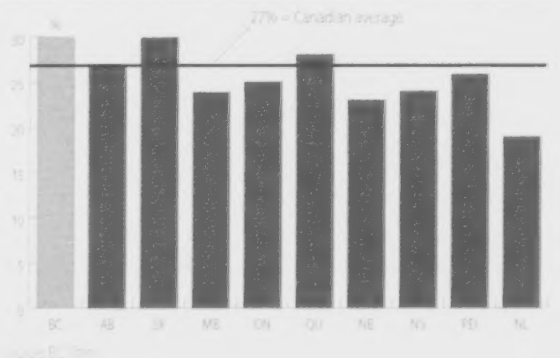
The key measure of the economic production of a sector is its gross domestic product (GDP). GDP represents the value that a sector adds to the materials and services it uses, which is an important aspect of the sector's contribution to the economy.

In 2010, small businesses in British Columbia accounted for 30 per cent of the province's GDP, well above the national average of 27 per cent. Saskatchewan's small business sector also accounted for 30 per cent of that province's GDP, tying it with B.C. for the highest ratio in the country. The relatively high contribution to GDP in B.C. is due in part to the fact that the province has traditionally been more service sector-oriented than most other regions in Canada and that the nation's growth in small business is concentrated in service sector industries. At 28 per cent, Quebec was the only other province to exceed the national average, while Alberta's small business sector generated the same proportion of provincial GDP as the national average, at 27 per cent. The province with the smallest contribution to GDP from small business was Newfoundland and Labrador (19 per cent), which likely reflects the increased role of large business in that province's offshore oil industry.

Gross domestic product (GDP) refers to the total market value of all the goods and services produced within national or provincial borders during a specified period. The growth rates of GDP provide an indication of how well an industry or an economy is doing. The GDP of an industry (also referred to as value added) equals output by the industry minus the value of intermediate inputs that were purchased from other industries, domestic or foreign. Value added is a measure of how much an industry has contributed to the value of its output over and above the value of intermediate inputs. GDP by industry for the economy as a whole is the sum of values added by all industries resident in Canada.

FIGURE 3.1

SMALL BUSINESS CONTRIBUTION TO GDP BY PROVINCE, 2010



How does average pay compare between small and large businesses?

On average, large businesses have traditionally paid their workers more compared to small businesses. However, small businesses tend to make up much of this wage disparity by offering benefits that may not be possible for some larger businesses, such as more flexible hours. In 2010, the average small business employee in British Columbia earned $37,812 over the course of the year, compared to $45,337 for employees of large business, amounting to a difference of about $7,500 annually. Part of this wage gap could be related to productivity. For example, larger firms can take better advantage of economies of scale and as such are better positioned to be able to afford necessary capital improvements, such as machinery and equipment that substitute for low-skilled labour. These advantages tend to allow larger businesses to be more productive than smaller ones. As a result, larger firms often achieve more output per employee and can consequently afford to pay their employees higher wages.

Another factor may be that small businesses are less likely to be unionized. Unions regulate and bargain for higher wages; therefore, unionized employees tend to receive better compensation than their non-union counterparts.

FIGURE 3.2

CHANGES IN AVERAGE ANNUAL EARNINGS, BRITISH COLUMBIA, 2005-2010

	Small business	Large business
Earnings 2005 (payroll/ employee)	$ 33,109	$ 40,355
Earnings 2010 (payroll/ employee)	$ 37,812	$ 45,337
PER CENT CHANGE	**14.2%**	**12.3%**

The gap in pay scales between small and large businesses in British Columbia has narrowed in recent years. Between 2005 and 2010, small business employees saw their average earnings grow at a more rapid pace (+14.2 per cent) compared to employees of large businesses (+12.3 per cent). The gap between earnings of employees of small and large businesses has a propensity toward volatility and tends to be impacted by the economic climate. For example, at the beginning of the decade, the wage gap held fairly steady at approximately $8,000, but by 2007 and 2008, in the thick of the province's labour shortage, had shrunk to the $5,500 range. However, in 2009, the first full reporting year of the global economic downturn, this pattern came to a halt and the gap widened substantially. In 2010, as the uncertain economic climate persisted, this pattern repeated itself, such that the gap returned to levels close to those of the beginning of the decade.

Virtually all of the province's five-year increase in average small business wages coincided with the labour shortages prevalent during 2006, 2007 and part of 2008. Wage increases are commonly used by small and medium-sized businesses as a partial solution to the scarcity of workers, on the assumption that wage hikes will draw more people back into the workforce and allow businesses to hold on to current workers. Many small businesses may raise wages in hopes of attracting employees that would normally be drawn to big companies. In 2009 and 2010, the economic downturn likely expanded the labour pool as businesses, both large and small, laid off workers. As a result, it was probably unnecessary for most small businesses seeking to hire new employees to offer higher wages. Also, some small businesses may have asked staff to take wage cuts to avoid layoffs.

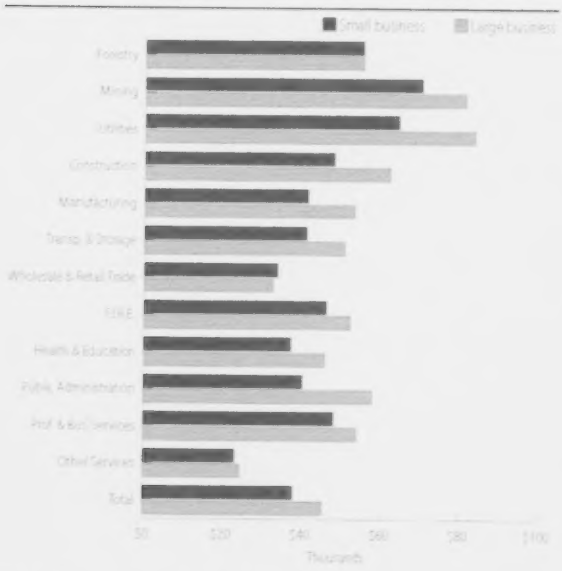
How does average pay compare across industries for small versus large businesses?

In 2010, across most major industry groupings, wages among businesses with 50 or more employees were higher than those in small businesses. The exceptions were wages in trade (wholesale and retail trade) and, to a much lesser degree, forestry, logging and support. Small business workers in trade continue to earn more (approximately $1,200 per year) on an average annual basis than their counterparts working for large businesses. In recent years, including 2010, this disparity has remained localized to retail trade, an industry that often has difficulty retaining staff. Employers in retail trade may utilize incentives like higher wages in order to maintain staffing levels needed to operate their businesses. Although smaller businesses in the forestry, logging and support industry have not traditionally offered a higher wage for their workers than larger businesses in the same industry, the slight disparity recorded in 2010 (a difference of less than $60 per year) was likely caused by a change in the mix of jobs within the sector. Generally, small businesses in this industry tend to be weighted more heavily in areas where the jobs pay more, such as logging, while large businesses have a larger percentage of comparatively lower paying jobs, such as in silviculture. It could be that the distribution of these types of employment shifted further in 2010, possibly due to the economic downturn. Layoffs resulting from the downturn may have affected higher paid workers in larger businesses disproportionately more than those in smaller operations.

In other industries, several more substantial wage differences exist between small and large business earners. In 2010, the largest wage gap was in public administration, where large businesses paid about $17,600 more, on average, than small businesses. Another industry with historically significant wage disparity is construction. In 2010, employees working for small businesses earned around $14,100 less per year than those working for large construction companies. For businesses of any size, employees in the accommodation and food sector (included in "other services" in Figure 3.3) earned the lowest wages, on average. For small businesses, the highest wage earners in 2010 were in mining, oil and gas extraction.[10]

FIGURE 3.3

AVERAGE ANNUAL EARNINGS
BY INDUSTRY, BRITISH COLUMBIA, 2010



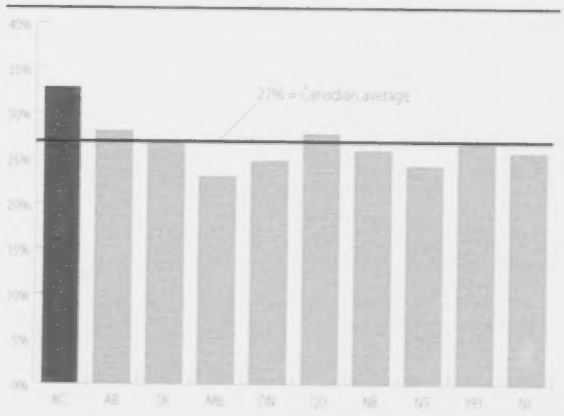
Note: FIRE = Finance, Insurance & Real Estate.
Source: BC data is using data supplied by Statistics Canada.

How does British Columbia compare in the portion of total payroll generated by small business?

In 2010, small business was the source of 33 per cent of all wages paid to workers in British Columbia, by far the highest in Canada and well above the national average of 27 per cent. Second-ranked Alberta was almost five percentage points lower than B.C. with 28 per cent of its provincial payroll comprised of wages paid to small business employees. At 23 per cent, Manitoba was the province with the smallest percentage of payroll derived from small business.

FIGURE 3.4

SMALL BUSINESS SHARE OF TOTAL PAYROLL
BY PROVINCE, 2010



Source: BC data is using data supplied by Statistics Canada.

[10] Note that the wage data are from Statistics Canada's Survey of Employment, Payrolls and Hours, which does not include data for the agriculture and fishing industries. Details on the accommodation and food sector does not include gratuities.

Timberspan Wood Products Inc.

Prince George, British Columbia

Perhaps it is not a surprise that Joe Cvenkel founded a wood-based business. "I grew up in a sawmilling family and while at university, I ran a sawmill of similar size to this one," says Joe. "I always say that if I cut myself, I will bleed sawdust."

In addition to his background in forestry and sawmilling, Joe realized early on that Douglas Fir is a beautiful wood, and in 2006, he founded Timberspan Wood Products Inc. The company offers quality Douglas Fir timbers and lumber from Northern British Columbia. Their products are used by commercial and residential builders throughout Canada and the U.S.

In describing Timberspan's growth, Joe points out the importance of patience in winning over customers. "Any step forward is a success. You don't make it overnight," notes Joe. "Every new customer is a success; every new timber frame is a success."

Joe's slow and steady approach to building his business is also reflected in Timberspan's growth strategy. Timberspan is growing in size as well as expanding up the product value chain. Joe realizes that it is important to work from his doorstep out. "It is important to do things well in our local area before reaching out too far. Whenever we can, we give a discount or advice to an emerging business" he says.

"It is important to do things well in our local area, before reaching out too far. Whenever we can, we give a discount or advice to an emerging business."

In fact, Timberspan Wood Products Inc. recently finished a large production run to supply the Government of British Columbia with Douglas Fir bridge timbers for Haida Gwaii (formerly known as the Queen Charlotte Islands) – great news for Joe and his four employees.

As with any business, Timberspan is not immune to market downturns, as well as the challenges of sourcing quality product. However, these challenges don't bother Joe or his plans for the future of Timberspan.

"We're a custom sawmill with big ambitions," says Joe. "We have found our niche and now we are carving it to suit our creativity with the needs of our customers"

For more information, visit www.timberspan.ca

Blade Tape

Richmond, British Columbia

Hockey is a fast-paced and highly competitive game and success often requires persistence and the willingness to try something different.

Although the majority of equipment that players use has gone through numerous upgrades, such as the advent of new super light composite sticks, hockey tape hasn't changed in the past 100 years.

This is where Richard Findlay, President of Blade Tape, saw an opportunity to provide players something different that gives them the competitive advantage they need.

"I knew there would be risks with starting a business, but I knew that I had a good idea and a great product. I didn't want to find myself on my death bed wondering 'what if'," says Richard. "Every other product in the game of hockey has completely changed in recent years- everything! Doesn't it make sense that hockey tape follows this trend? We think so and so do a 1/2 million plus users worldwide now."

What started as a mountain bike inner tube, through numerous redesigns has become a state-of-the-art hockey tape alternative that is easy to use and improves player performance with increased puck control and better stick handling.

"Being 'Canadian made' in hockey means everything, so we make sure we market that."

Although manufacturing began out of a friend's garage, Blade Tape has now been able to expand and even create jobs in its home community of Richmond, B.C.

"We have two great guys on full-time staff and we're able to provide them with good-paying jobs," says Richard.

The fact that *Blade Tape* is made in Canada has certainly helped in taking the product worldwide.

"Being 'Canadian made' in hockey means everything, so we make sure we market that," says Findlay.

Blade Tape can now be found in over 40 countries and on the sticks of many professional and amateur hockey and inline players alike, including ex-Vancouver Canuck and Port McNeill, B.C. native Willie Mitchell, not to mention being featured on *Hockey Night in Canada* with Ron MacLean and Kelly Hrudey.

"I think the fact that we have come out of the economic downturn even stronger speaks to the quality of our product," says Richard. "Once players get *Blade Tape* on their stick, they can't help but use it and bring their game up to the next level."

For more information, visit www.bladetape.ca

4 GROWTH INDUSTRIES AND SPECIALLY DEFINED SECTORS

Historically, British Columbia's industry developed around sectors focused on the extraction of natural resources, such as mining and forestry. While these resources still play a prominent role in the provincial economy, sectors such as tourism and high technology have come to represent a significant portion of the economy. The secondary manufacturing sector is also important, in that adding value to goods stands out as a potential source of future economic growth in British Columbia. Given that these industries are less capital-intensive than resource extraction sectors, they offer fewer barriers to expansion of small business in the province.

In the high tech sector, for example, 96 per cent of employers are small businesses.[11] Inherently, innovation is the basis for growth in this sector and high technology services can often be performed proficiently by a small number of employees, in small offices, labs, or even private homes.

NUMBER OF SMALL BUSINESSES

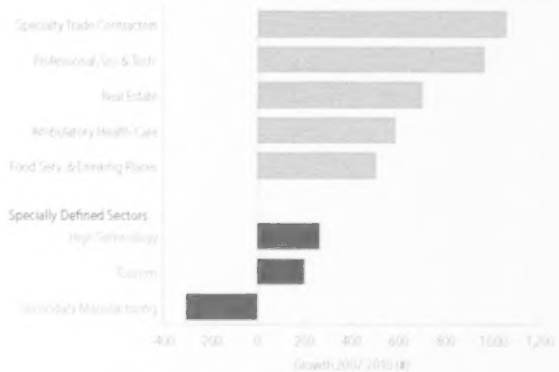
Which industries show the greatest increase in the number of small businesses?

In terms of numbers, the specialty trade contractors industry leads small business growth. Between 2007 and 2010, this sector saw a net addition of 1,051 small businesses. Despite the economic downturn that began toward the end of 2008, this industry managed to add businesses in every year over the period. This is likely, at least in part, due to the residual effect of the recent boom in residential and non-residential construction, which was partly attributable to the anticipation of the 2010 Winter Olympics in Vancouver. It is possible that this remained a driving factor in growth in construction-related industries, perhaps even managing to offset some of the effects of the recession. Second-ranked professional, scientific and technical services saw a net addition of 958 businesses over this four-year period. The real estate sector also experienced a substantial expansion, with a net addition of 696 businesses since 2007.

At the other end of the scale, the most substantial decline in the number of small businesses occurred in the forestry and logging industry, which lost 520 establishments between 2007 and 2010. This sector lost businesses in every year over the period, likely due to decreasing demand for forest products resulting primarily from the slump in U.S. housing starts.

FIGURE 4.1A

NUMBER OF NET NEW SMALL BUSINESSES – FASTEST GROWING SECTORS IN BRITISH COLUMBIA, 2007-2010



Note: Excludes self-employed without paid help.

Source: BC Stats using data supplied by Statistics Canada.

Specially Defined Sectors

This section contains information on non-standard industries that are not defined under the North American Industry Classification System (NAICS) used by Statistics Canada. The tourism, high technology and secondary manufacturing sectors are called "specially defined sectors" in this report and are in fact composites of smaller parts of traditionally defined industries under NAICS. Tourism, for example, includes data from parts of the transportation industry, accommodation and food services, and information, culture and recreation

[11] Due to the lack of self-employment data by industry (it is only available at large industry aggregations and cannot be calculated for small industries such as manufacturing, high tech, tourism, and tourism-related industries), and because, for the remaining industry, the figures provided in this chapter are for paid employment only, and may differ from other parts of this report.

services, among others. High technology includes both manufacturing and services components.

Two of the three specially defined sectors have experienced an increase in the number of small businesses over the last four years. High technology led the way with a net addition of 263 businesses between 2007 and 2010. Over that period, the gains were all in the service sector (+4.0 per cent, a net addition of 305 businesses), chiefly within the computer and related services subsector, which added 244 businesses. The other services industry, which includes surveying and mapping, testing laboratories, environmental consulting, other scientific and technical consulting and research and development, was also a significant contributor to overall service industry growth, with 161 net new businesses. Meanwhile, the number of high tech manufacturing establishments decreased (-6.0 per cent, or 42 fewer businesses), with the most substantial losses occurring among businesses in computer and electronic products (net loss of 23 businesses).

FIGURE 4.1B

NET CHANGE IN NUMBER AND GROWTH RATES OF HIGH TECHNOLOGY SMALL BUSINESSES, B.C., 2007-2010

	Growth (#)	Growth rate
MANUFACTURING INDUSTRIES	**-42**	**-6.0%**
Chemicals and pharmaceuticals	-7	-15.2%
Computer and electronic products	-23	-11.0%
Aerospace	-6	-16.7%
Medical equipment	-1	-0.3%
Other manufacturing	-5	-4.3%
SERVICE INDUSTRIES	**305**	**4.0%**
Motion picture production & post production	-53	-6.6%
Telecommunications	14	4.7%
Engineering services	-61	-3.5%
Computer and related services	244	8.3%
Other services	161	9.0%
HIGH TECH TOTAL	**263**	**3.2%**

North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system used in Canada, the United States and Mexico, which is designed to provide common definitions of the industrial structure of the three countries. NAICS is Statistics Canada's comprehensive system encompassing all economic activities.

It has a hierarchical structure: at the highest level, it divides the economy into 20 sectors; at lower levels, it further distinguishes the different economic activities in which businesses are engaged.

Special Sector Definitions

Tourism includes industries such as transportation, accommodation, food services and other tourism-related activities. [Further information on the tourism sector is available at: www.bcstats.gov.bc.ca/data/bus_stat/busind/tourism.asp]

High technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included. [Further information on the high technology sector is available at: www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp]

Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. On the other hand, a factory producing wooden doors with lumber obtained from sawmills is a secondary manufacturer.

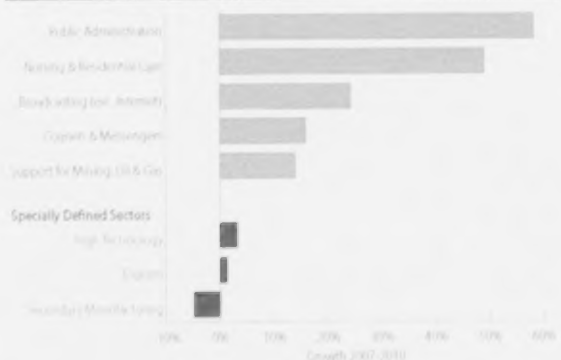
The number of tourism businesses also increased from 2007 to 2010, with a net addition of 198 firms. By comparison, the secondary manufacturing sector saw a net decline of 300 businesses over the same period. This sector continues to be negatively impacted by several factors, including the appreciation of the Canadian dollar and increased global competition.

Which industries show the fastest rates of growth in new businesses?

Between 2007 and 2010, at an impressive rate of 58.2 per cent, public administration[12] experienced the most notable boost in the number of small businesses of any of the sectors.[13] This translates into a net addition of 246 small businesses to this sector. Nursing and residential care also saw strong growth (+49.0 per cent, or 412 net businesses). It is difficult to determine the cause of such jumps in particular industries. However, as is the case for small business establishments overall, the rise in the number of small businesses in specific industries may be partly a reflection of the downsizing of larger businesses.

FIGURE 4.2:

SECTOR GROWTH RATES FOR NUMBER OF SMALL BUSINESSES, BRITISH COLUMBIA, 2007-2010



In the specially defined sectors, high technology continued to grow at a vigorous pace, experiencing a 3.2 per cent jump in the number of establishments between 2007 and 2010. The high tech service industries climbed 4.0 per cent collectively, partly on the strength of computer and related services (+8.3 per cent), and telecommunications (+4.7 per cent). Conversely, all of the high tech manufacturing subsectors recorded declines over this period, such that as a whole, the number of high tech manufacturing firms dropped by 6.0 per cent.

SMALL BUSINESS EMPLOYMENT

Which industries are experiencing the most job growth?

Between 2005 and 2010, the construction industry was the largest provider of new small business jobs in B.C. with a notable employment increase of 17.8 per cent.[14] During the five-year period, over 12,200 new jobs were created in this industry. This employment growth was due to the recent building surge, partly associated with the 2010 Winter Olympics in Vancouver and also an increase in residential building. Construction jobs had increased every year since at least the beginning of the decade, with the biggest jump occurring in 2007, during the peak of construction in preparation for the Olympics. However, with the onset of the global economic recession, this trend came to a halt in 2009 and there was a significant decline in construction employment. The global economic recession that began late in 2008 likely influenced demand for construction activities in 2009 and probably affected employment growth in other sectors as well. However, employment levels have shown signs of recovery in 2010 with a marginal increase in construction jobs.

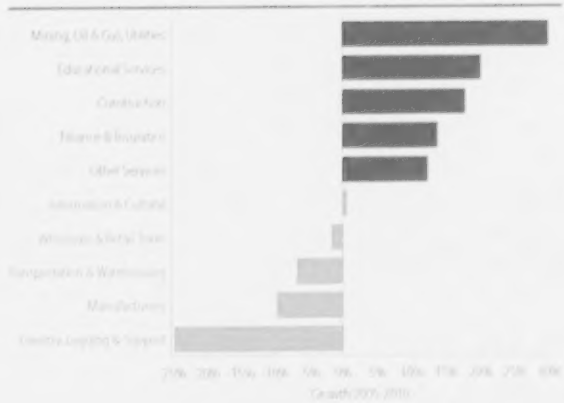
Elsewhere, the business services sector also added a substantial number of new jobs between 2005 and 2010, increasing its employment by 10.4 per cent and creating around 9,700 jobs (despite a notable drop-off in 2009).

In terms of growth rates, the mining, oil & gas extraction and utilities[15] industry recorded the greatest increase from 2005 to 2010, with a 30.0 per cent surge in employment. The continued growth of this sector could be partly attributed to the boost in overseas demand for nonferrous metals such as copper, zinc and aluminum, particularly in 2007 and 2008. Although the industry recorded substantial job losses in 2009, employment was on the rise again in 2010. This was also the case for many other industries. Although long-term advances in employment are evident, nearly every industry saw job losses between 2008 and 2009 as the effects of the global economic downturn took hold.

Between 2005 and 2010, the educational services sector also received a significant boost in employment, with an increase of 20.1 per cent (an addition of about 2,200 jobs). The finance and insurance industry was not far behind, with an increase of 13.8 per cent (around 1,700 jobs). Among those registering the most substantial losses over the five-year period were forestry, logging and support (-24.4 per cent, or close to 3,200 fewer jobs), manufacturing (-9.5 per cent, or about a 5,100 loss in employment) and transportation and warehousing (-6.6 per cent, or just under 1,900 jobs).[16]

FIGURE 4.3

TOP AND BOTTOM FIVE INDUSTRIES IN TERMS OF PER CENT CHANGE IN SMALL BUSINESS EMPLOYMENT IN BRITISH COLUMBIA, 2005-2010



EB Engineering Ltd.

Sidney, British Columbia

Sometimes all you need to find your way is a light at the end of the tunnel, especially if you're on a night time trail walk through Yellowstone Park, home to a variety of snakes.

"If you come across one of those (snakes) in the dark, it could really spook visitors," says Eddy Butler, President of EB Engineering Ltd. in Sidney, B.C. "So we designed a low-light, low-voltage system that could help visitors see the path in front of them without ruining the experience of a late night stroll with a big abrasive light."

Although you can find Eddy's lights in other places as varied as naval bases to the Lions Gate Bridge, the most visible of projects would have been during the 2010 Winter Games when EB Engineering Ltd. was contracted to light the Olympic rings welcoming visitors to the Vancouver International Airport and Coal Harbour. The project employed an Internet monitoring system that updated them on the status of the lights every six seconds.

Starting in 1998, Eddy was confident that he had the right product for the marketplace. EB Engineering Ltd. is now breaking ground in solar and wireless communications for lighting and distributing their *Sun Beacon* brand of lights worldwide.

"If you're going to live in the community, then you should be prepared to support it."

"As a small business owner you have to believe that you're going to be a success from day one."

Not only is Eddy able to provide employment for his wife and son, but over the year he has provided jobs to others in the community including contracting the majority of work that he outsources locally.

"Providing jobs in small communities is a huge benefit to those families that live there," says Eddy. "If you're going to live in the community, then you should be prepared to support it."

By operating his small business in British Columbia, Eddy has been able to take advantage of the province's numerous natural advantages.

"We have great access to the U.S. market and the fast-growing economies in Asia," says Eddy.

Location alone isn't the only bonus that B.C. offers.

"There is a real hub of expertise in our area and accessing that expertise enables us to build a better product," says Eddy. "People want to live here."

For more information, visit www.sunbeacon.com

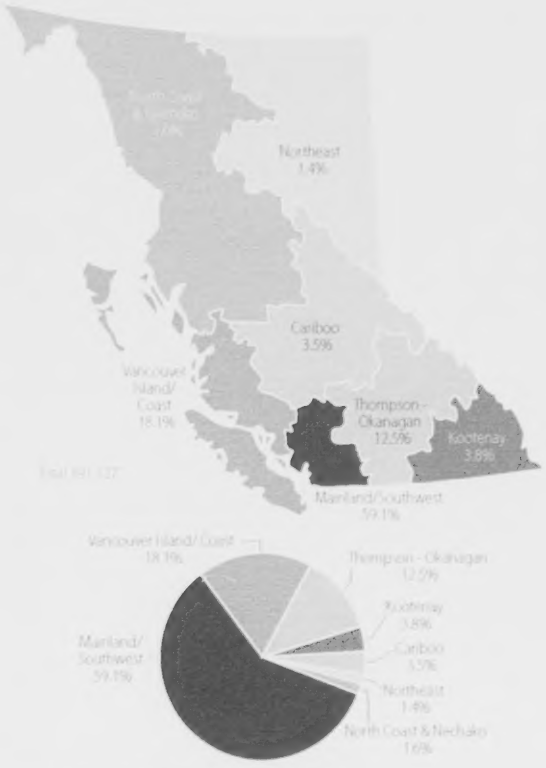
5 | REGIONAL FOCUS

Which regions have the greatest number of small businesses?

As to be expected, the most populated regions of the province have the largest shares of British Columbia's small businesses. In 2010, the Mainland/Southwest region, which includes Greater Vancouver, housed about 59 per cent of the province's small businesses. This is somewhat less than its 61 per cent share of total provincial population. Vancouver Island/Coast was home to about 18 per cent of British Columbia's population and hosted nearly the same proportion of small businesses. Third-ranked Thompson-Okanagan had about a 13 per cent share of small businesses, which was marginally higher than its share of population. The remaining regions together accounted for approximately 11 per cent of small business and 10 per cent of the province's population, with some regions varying slightly in proportion of small businesses compared to their share of population.

FIGURE 5.1

SMALL BUSINESS DISTRIBUTION BY REGION, BRITISH COLUMBIA, 2010



Source: BC Stats using data supplied by Statistics Canada.

In which regions are the greatest numbers of small businesses forming?

Between 2007 and 2010, four of British Columbia's regions recorded growth in the number of small businesses.[17] Over this period, the Mainland/Southwest region led the province with an increase of 5.3 per cent. This translates into an addition of 11,600 businesses over the period. Vancouver Island/Coast (+3.8 per cent) was second in terms of small business growth, adding about 2,600 net new small businesses, followed by Thompson-Okanagan (+1.5 per cent), which saw its small business count jump by 700. Of the regions to show declines, Northeast appears to have suffered the greatest loss,

FIGURE 5.2

NET CHANGE IN NUMBER OF SMALL BUSINESSES BY REGION, 2007-2010

	Total, 2010	Net change (#)	Growth rate
Vancouver Island/Coast	71,000	2,600	3.8%
Mainland/Southwest	231,200	11,600	5.3%
Thompson-Okanagan	49,000	700	1.5%
Kootenay	14,900	-1,300	-8.1%
Cariboo	13,500	100	0.6%
North Coast & Nechako	6,400	-1,300	-17.3%
Northeast	5,500	-2,400	-29.9%
PROVINCIAL TOTAL[1]	**391,700**	**9,000**	**2.4%**

[1] Figures do not add to the total because the provincial total includes some businesses which the region is unknown.

Source: BC Stats using data supplied by Statistics Canada.

[17] Note that the North Coast and Nechako region was combined to meet data confidentiality requirements.

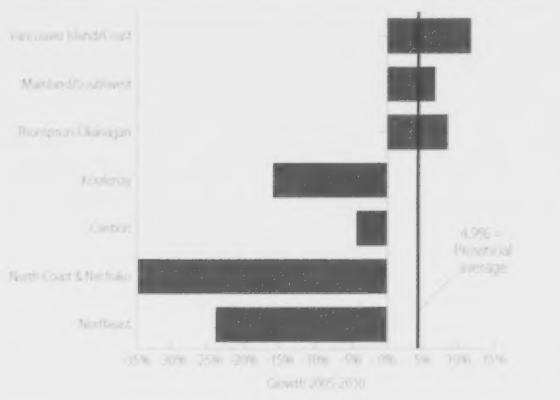
experiencing a decline of about 2,400 businesses (-29.9 per cent). However, North Coast and Nechako (-17.3 per cent, or 1,300 businesses) and Kootenay (-8.1 per cent, or a loss of 1,300 businesses) were also significantly impacted. The Cariboo region experienced marginal growth in the number of small businesses, with an expansion rate of 0.6 per cent (+100 businesses) between 2007 and 2010.

In which regions is self-employment growing the fastest?

Between 2005 and 2010, the Vancouver Island/Coast region led the province with the strongest growth in the number of self-employed. This region boasted an 11.7 per cent increase in self-employment, more than three percentage points higher than the next fastest growing region, Thompson-Okanagan (+8.5 per cent). Mainland/Southwest (+6.7 per cent) was the only other region to see a boost in entrepreneurs. Meanwhile, North Coast and Nechako experienced a hefty decline of 34.8 per cent. Northeast and Kootenay also saw double-digit drops in self-employment over this five-year period, while the Cariboo region posted a more moderate loss.

FIGURE 5.3

SELF-EMPLOYMENT GROWTH RATE FOR BRITISH COLUMBIA REGIONS, 2005-2010



In what regions are the specially defined sectors growing the fastest?

Between 2007 and 2010, the two regions in the province where high technology is most highly concentrated underwent an expansion in the number of small businesses: the number of high tech small businesses increased by 4.0 per cent in Mainland/Southwest and 3.3 per cent in Vancouver Island/Coast. The Thompson-Okanagan region also recorded a significant increase in high tech establishments (+6.0 per cent) and the count was also up in Northeast (+2.8 per cent). Of the three regions to see declines, Cariboo suffered the largest drop, losing 9.6 per cent of its high tech small business establishments over this four-year period.

In the secondary manufacturing industry, the number of small businesses increased in Kootenay (+12.6 per cent from 2007 to 2010) and Northeast (+7.4 per cent); however, they declined in every other region of the province over the same period. North Coast and Nechako (-7.8 per cent) experienced the largest decrease, but other regions of the province also lost secondary manufacturing businesses.

Conversely, during this same period, tourism-related small businesses experienced relatively strong growth in most parts of the province. The only exception was the Northeast region, which saw a decline of 14.7 per cent (equivalent to a net loss of about 42 businesses). The gains were most pronounced in the Kootenay region, which saw numbers climb at a rate of 5.5 per cent. Tourism-related small business fared surprisingly well between 2007 and 2010, particularly given the obstacles the tourism sector has faced in the past few reporting years. In 2008 and 2009, the depreciation of the U.S. dollar relative to the Canadian dollar, rising costs for airfare, and accommodation, new passport regulations, as well as higher gasoline prices likely impacted tourism businesses as a whole, particularly with respect to the number of American tourists. Total visitor entries to Canada via British Columbia fell in 2008 (-5.5 per cent)

and again in 2009 (-9.9 per cent), with travel from the U.S. pulling overall totals down. In general, although some regions saw a slight decline in business counts in 2009, the industry has shown strength in numbers in all of the reporting years. Conceivably, the number of small businesses in this industry could be climbing as a result of larger businesses downsizing and consequently becoming reclassified as small businesses. Indeed, the number of large tourism operations in the province has declined notably since 2008.

FIGURE 5.4

NET CHANGE IN THE NUMBER OF BUSINESSES IN THE SPECIALLY DEFINED SECTORS BY BRITISH COLUMBIA REGION, 2007-2010

SECONDARY MANUFACTURING

Development Region	Total, 2010	Net change (#)	Growth rate
Vancouver Island/Coast	826	-39	-4.5%
Mainland/Southwest	3,879	-214	-5.2%
Thompson-Okanagan	710	-38	-5.1%
Kootenay	179	20	12.6%
Cariboo	168	-7	-4.0%
North Coast & Nechako	71	-6	-7.8%
Northeast	58	4	7.4%

TOURISM

Development Region	Total, 2010	Net change (#)	Growth rate
Vancouver Island/Coast	2,797	107	4.0%
Mainland/Southwest	8,789	136	1.6%
Thompson-Okanagan	1,965	27	1.4%
Kootenay	783	41	5.5%
Cariboo	598	4	0.7%
North Coast & Nechako	461	10	2.2%
Northeast	244	-42	-14.7%

HIGH TECHNOLOGY

Development Region	Total, 2010	Services (#)	Manufacturing (#)	Net change (#)	Growth rate
Vancouver Island/Coast	1,434	1,342	92	46	3.3%
Mainland/Southwest	5,758	5,300	458	219	4.0%
Thompson-Okanagan	722	648	74	41	6.0%
Kootenay	196	184	12	3	-1.5%
Cariboo	151	135	16	16	-9.6%
North Coast & Nechako	100	100	0	4	-3.8%
Northeast	185	178	7	5	2.8%

Source: BC Stats using data supplied by Statistics Canada

Westcoast Helicopters

Port McNeill, British Columbia (Head Office)

In 1994, Terry Eissfeldt and Peter Barratt started Westcoast Helicopters with two helicopters in a small hangar.

"We saw a need and we were confident we had a vision of how to fill it," says Terry.

Westcoast Helicopters has now grown to include four hangars, 12 helicopters and 44 employees across coastal B.C. in Nanaimo, Bella Coola, Port McNeill and Campbell River.

"Our families are involved in these communities, so we need to have a positive effect on where we work," says Terry. "It's a very symbiotic relationship. Not only are we providing jobs for the community, but our employees can be proud of where they work."

Working from a mandate of 'Safety, Service and Reliability', Westcoast Helicopters has built a reputation for safety throughout the industry that easily instils pride in its staff.

One of the perks of being a helicopter pilot in British Columbia's coastal region is getting a bird's eye view of the stunning rainforest and mountain regions of the province.

"Because of the nature of our work, we get to see 95 per cent of British Columbia that many people don't and a lot of those places can literally take your breath away," says Terry. "When you see the areas of the province that we get to see, you want to protect it with the best practices possible."

"We saw a need and we were confident we had a vision of how to fill it..."

Now, Westcoast Helicopters is using their success to turn blue skies green.

They use precautions such as double-lined fuel caches, complete with spill kits, to ensure they mitigate fuel entering the pristine environments in which they fly.

When they needed secure power and energy sources for their new Port McNeill hangar, Terry opted for a wind turbine and rain catch roof to help reduce their carbon footprint.

"As an engineer, my job is to figure things out," says Terry. That persistence has paid off.

Last year, they received the first TECHGreen award for their commitment to environmental leadership and involvement with sustainable best practices and energy conservation.

Most recently, Westcoast Helicopters was a Top 10 Finalist for *Small Business BC's 2011 Successful You BC Green Business Award*, an award that not only recognizes their strong vision and support for environmental policies, but also their actions.

For more information, visit www.westcoasthelicopters.com

6 | SMALL BUSINESS EXPORTERS

How is a small business exporter defined?

For the purposes of this report, a small business exporter is defined as a business with fewer than 50 employees that exports goods out of the country. While shipments of goods to other provinces and services provided to out-of-province residents or businesses are also considered exports, such data tabulated by business size are unavailable.

Small Business Exporter

A small business exporter is a business with fewer than 50 employees that exports goods out of the country, regardless of the value of exports. Small firms can be large exporters and, conversely, some large firms are small exporters.

There is a one-year lag in the availability of export data for businesses by employee size and, due to inconsistencies in coverage, these data are not produced in a manner that permits year-over-year comparisons. As a result, the figures reported here are for 2009 only. In addition, in order to meet confidentiality requirements, Statistics Canada has grouped the Territories (Yukon, Northwest Territories and Nunavut) into a region with British Columbia, such that the data for British Columbia include exporters in the Territories; however, this should not significantly influence the small business numbers. Most of the exports from the Territories are diamonds from the Northwest Territories, which are generally large business exports. Although the value of exports for large businesses are likely overstated, the numbers for small businesses in British Columbia are probably inflated by less than one per cent.

How many small businesses in British Columbia export?

In 2009, there were 6,401 businesses in British Columbia that exported goods to international destinations. Of these, 5,356, or almost 84 per cent, were small businesses, which is around 1.4 per cent of all small businesses in the province.[18] In other words, 98.6 per cent of small businesses in British Columbia did *not* export goods in 2009. Those small businesses that did export goods employed 58,718 people, or almost six per cent of total small business employment.

The low proportion of small businesses that export is likely due to a number of factors, including the high start-up costs associated with an exporting business and the need to achieve economies of scale to compete internationally. While relatively few British Columbia small businesses exported goods in 2009, they shipped about $10.9 billion worth of merchandise, or over 47 per cent of the total value of exports from the province.

FIGURE 6.1

NUMBER OF BRITISH COLUMBIA* EXPORTERS, EMPLOYEES AND VALUE OF EXPORTS, 2009

	Number of businesses	Number of employees	Value of exports ($millions)
Small business exporters	5,356	58,718	$10,933.9
Large business exporters	1,045	289,260	$12,112.0
TOTAL ALL EXPORTERS	**6,401**	**347,978**	**$23,045.9**

*Includes data for the Territories.
Source: Statistics Canada / Prepared by BC Stats

In 2009, the value of B.C.'s goods exports fell 24.2 per cent – the largest drop in at least 20 years – largely as a result of the global economic downturn. Between 2007 and 2009, the overall number of exporters in the province declined 12.1 per cent. Statistics Canada does not produce data on exporters by employee-size that can be consistently compared from year to year, but given that over four-fifths of exporters were small businesses, many of those

[18] Note that the business counts in this chapter refer to establishment counts rather than business location counts, as the data in the Exporter Registry, which is the source for exports by business size, are still based on the establishment framework.

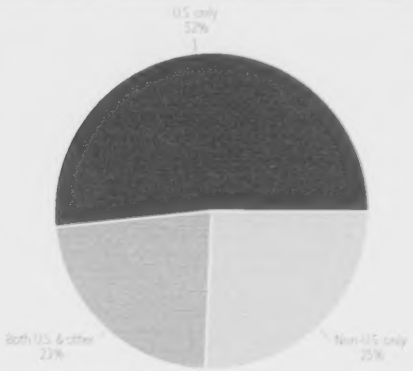
that either ceased to operate or did not export goods in that two-year span were likely small businesses.

What is the destination of goods shipped by British Columbia small business exporters?

As with exports overall, the United States is the primary destination for B.C.'s small business exports. In 2009, three-quarters of small business exporters in the province shipped goods to the U.S., compared to only 48 per cent that exported to non-U.S. destinations. Just over half (52 per cent) of B.C.'s small business exporters shipped exclusively to the United States, while only 25 per cent exported their goods solely to non-U.S. destinations. The remaining 23 per cent shipped to both the U.S. and other countries.

FIGURE 6.2

BREAKDOWN OF SMALL BUSINESS EXPORTERS BY SHIPPING DESTINATION, BRITISH COLUMBIA,* 2009



*Includes data for the Territories.
Source: Statistics Canada / Prepared by BC Stats

While only 25 per cent of B.C.'s small business exporters shipped solely to non-U.S. destinations, they were responsible for 47 per cent of the value of small business exports. Conversely, the 52 per cent of small businesses that exported purely to the United States shipped only 25 per cent of the value of small business exports. The situation was similar with larger exporters, except it was those businesses that shipped to both the U.S. and other destinations that exported the bulk of goods (62 per cent), even though they represented only 32 per cent of exporters with 50 or more employees.

FIGURE 6.3

SHARE OF BRITISH COLUMBIA* EXPORTERS AND VALUE OF EXPORTS BY DESTINATION OF EXPORTS, 2009

Small businesses	Business count	Export value
U.S. only	52%	25%
Non-U.S. only	25%	47%
Both U.S. and non-U.S.	23%	29%
Large businesses	**Business count**	**Export value**
U.S. only	54%	23%
Non-U.S. only	14%	15%
Both U.S. and non-U.S.	32%	62%

*Includes data for the Territories.
Note: Figures do not add to 100 per cent due to rounding.
Source: Statistics Canada / Prepared by BC Stats

In short, businesses exporting to non-U.S. destinations tended to ship greater volumes than exports destined for the United States. It is generally more expensive to ship to non-U.S. destinations, not only because of longer transport distances, but also due to other issues, such as time zone and language differences, which add to the cost of marketing and distribution. Given these higher costs, exporters need to ship larger volumes to achieve economies of scale and defray some of their expenses.

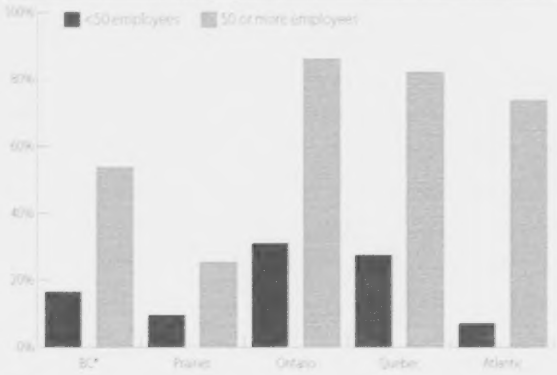
What types of industries in British Columbia are more likely to be small business exporters?

B.C.'s small business exporters are far less likely to be manufacturers than large business exporters. In 2009, only 34 per cent of small business exporters were in a manufacturing industry, compared to 58 per cent of exporters with 50 employees or more. Moreover, only 16 per cent of the value of merchandise exported by small businesses in British Columbia was produced by the manufacturing sector. For larger businesses, the comparable figure was 54 per cent. In contrast, small exporting businesses had a bigger proportion of employment in manufacturing industries compared to larger businesses. Approximately 47 per cent of employment in small businesses that export was in manufacturing, compared to 39 per cent of employment in larger exporting businesses.

The pattern was consistent across Canada, although to varying degrees. Small business exporters in the manufacturing sector were least prominent in the Prairies, at 24 per cent of all small exporters in the province, and most evident in Ontario, at 37 per cent. For every region in the country, there was a substantial difference between the share of export revenue for manufacturers in small and large businesses. The largest discrepancy was in Atlantic Canada, where only seven per cent of small business exports were products of manufacturing industries, compared to 74 per cent of exports from larger businesses. However, in all other regions of the country there was also a substantial difference between small and large exporters with regard to the manufacturing industries' share of exports.

FIGURE 6.4

MANUFACTURING INDUSTRIES' SHARE OF DOMESTIC EXPORTS BY PROVINCE, 2009



*Includes data for the Territories
Source: Statistics Canada / Prepared by BC Stats

How do British Columbia small business exporters compare to those in other parts of the country?

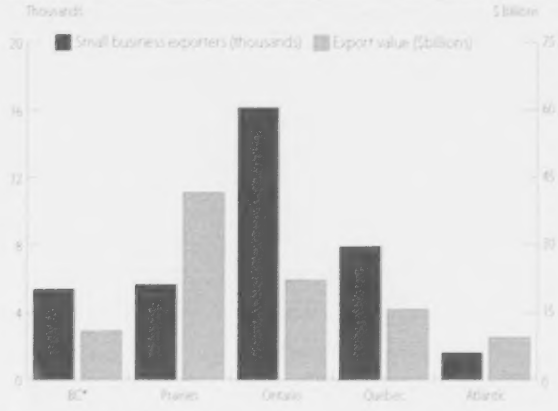
In 2009, British Columbia had almost as many small business exporters as the three Prairie provinces combined. This imbalance is due, at least in part, to the fact that many small farms in the Prairies have their exports handled by large co-operatives such as the Canadian Wheat Board, which exports on their behalf.

Ontario had the most small business exporters in the country, with more than double the number of second-ranked Quebec.

There is significant regional variation in export intensity (i.e., the average value of exports per exporter). For example, although the Prairies were home to only 15 per cent of Canadian small business exporters, that region was the origin of 42 per cent of the value of all Canadian small business exports. It is possible that Alberta oil and gas producers may be hiring small firms in the finance and insurance sector to deal with exporting their product.[77] Given that oil and gas comprise over half the value of exports from the Prairies, this activity would explain the relatively high export intensity in that region. Average exports by small business exporters in the Prairies were about $7.4 million per firm in 2009, well above the national average of $2.7 million per business. By comparison, small business exporters in British Columbia averaged just over $2.0 million, while Atlantic Canada's small businesses exported an average of almost $6.1 million per firm. Although they had the most small business exporters in the country, Ontario and Quebec had the lowest average export value per firm, at $1.4 and $2.0 million, respectively. Regional differences with respect to industrial structure are likely the reason for the variation in export intensity.

FIGURE 6.5

EXPORT INTENSITY FOR SMALL BUSINESSES BY PROVINCE, 2009



*Includes data for the Territories
Source: Statistics Canada / Prepared by BC Stats

[77] Halabisky, D., Lee, R. & Parsley, C. (August 2009). Small Business Exporters: A Canadian Profile. Small Business Policy Branch, Industry Canada, p. 20.

How is technology affecting small business exporters?

Large firms generally have an advantage over smaller businesses in the export market because of economies of scale and other factors. However, one area where small businesses may be able to compete with large firms on a global scale is in niche markets where large scale production is not practical. Small businesses may be better suited to produce specialized items for these smaller markets, but the challenge is getting the word out to customers around the world. The evolution of e-commerce may offer a solution that will give these businesses an opportunity to expand their marketplace internationally. The growth in e-commerce, online communications technologies and social media has allowed small businesses to expand their global reach and get more involved in exporting.

New digital technologies and skills can help small businesses compete in an increasingly globalized world. This is crucial because the small business sector is a key segment of British Columbia's economy and its success is a critical component of the province's overall economic health.

Vericorder

Kelowna, British Columbia

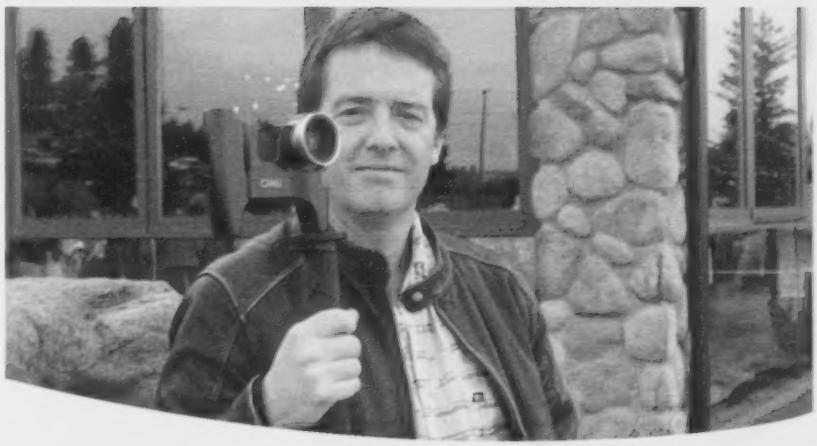
It has often been said that necessity is the mother of invention.

"In my case, frustration was the mother of invention," says Vericorder CEO Gary Symons. "I spent years as a journalist dragging around heavy, cumbersome, expensive, and often unreliable gear for reporting from the field."

Through extensive research and his inside knowledge of the industry, Gary knew that he could solve his frustrations and move the industry into the future by allowing journalists to file the story and broadcast without returning to the office.

"I could see the traditional media was dying, dragged down by high production costs and new competition from Internet-based companies," says Gary. "I decided to build a system that would allow companies in my industry to better make the transition to online media, and mobile journalism."

Since its inception, each new innovation from Vericorder seeks to give more power to individuals, whether it's FindStringers – a system designed to connect media companies with freelance journalists, or their latest addition VeriLocal – a system that allows for quick and cost effective content delivery. It is Gary's entrepreneur spirit that keeps the company on the cutting edge of new solutions for a fast and ever changing industry.



"B.C. is quite simply one of the best places in the world to launch a start-up..."

Vericorder's home of Kelowna has benefited from the company's growth with 15 jobs being provided for the community – including hiring recent graduates from the city's expanded university-level software science program.

"The types of jobs we provide are critical," says Gary. "We've seen a decline in manufacturing jobs here in the Okanagan. Vericorder is one of a core group of tech companies that are rising to fill the gap, with high-paying jobs in a sector that also brings Canada and British Columbia much-needed export revenues."

Some people would expect a cutting-edge technology company to be based in the Silicon Valley, but Gary points to advantages such as government incentives and low taxes for housing Vericorder in British Columbia.

"B.C. is quite simply one of the best places in the world to launch a start-up," says Gary. "When I researched my business, I was surprised to find that B.C. has one of the highest rates of successful start-up companies in North America. Obviously, we're doing something right."

For more information, visit www.vericorder.com

TECHNICAL NOTES

All statistics presented in this document are based on the best data currently available. A comprehensive listing of all businesses operating in British Columbia or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in British Columbia and other provinces, as well as the employment and payrolls generated by these businesses.

The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than the direction of trends or the relative standing of British Columbia compared to other provinces. This edition of the *Small Business Profile* incorporates statistical revisions, such that year-over-year comparisons should not be made using last year's edition.

Data Sources

Estimates of the number of businesses have been produced using data from Statistics Canada's *Business Register* and *Labour Force Survey*. Estimates of employment and payrolls have been produced using Statistics Canada's *Survey of Employment, Payrolls and Hours* and *Labour Force Survey*. All self-employment numbers have been obtained directly from the Labour Force Survey. Data describing small business exporters are derived from Statistics Canada's *Exporter Registry*.

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Aboriginal Business Service Network
Business information and resources for Aboriginal entrepreneurs
1.250.828.9833
www.absn.ca

BizPaL Business Permits and Licences
Online tool to quickly and easily identify permit and licensing requirements for business activities
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www.bcbizpal.ca

Canada Business
The Government of Canada's main site for business information
1.888.576.4444
www.canadabusiness.ca/eng/

Community Futures British Columbia
Business counselling and assistance for new and existing businesses in rural British Columbia
1.604.685.2332
www.communityfutures.ca/index.html

FrontCounter BC
Single window service for clients of provincial natural resource ministries and agencies to obtain information and authorizations needed to start or expand a business
1.877.855.3222
www.frontcounterbc.gov.bc.ca

La Société de développement économique
The Francophone Economic Development Organization enhances the vitality of minority language communities and assists with economic development
1.877.732.3534
www.sdecb.com

OneStop Business Registry
Online business registration and change of business address
1.877.822.6727
www.bcbusinessregistry.ca

ServiceBC
Province wide access to government services including key government transactions for business
1.800.663.7867 (Enquiry BC) to be transferred to the nearest Service BC Contact Centre
www.servicebc.gov.bc.ca

Small Business BC
Comprehensive business information and business planning resources for starting and growing a business in British Columbia
1.800.667.2272
www.smallbusinessbc.ca

Women's Enterprise Centre
Business information counselling and skills training for women entrepreneurs
1.800.643.7014
www.womensenterprise.ca

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